Intergovernmental Affairs

Annual Accountability Report For The Fiscal Year 2004-2005

December 22, 2005

106-04947/

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Accountability Statement

The accountability report of Nova Scotia Department of Intergovernmental Affairs for the year ended March 31, 2005, is prepared pursuant to the Provincial Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Intergovernmental Affairs' business plan information for the fiscal year 2004-2005. The reporting of outcomes necessarily includes estimates, judgments and opinions by Intergovernmental Affairs management.

We acknowledge that this accountability report is the responsibility of Intergovernmental Affairs management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department's business plan for the year.

Minister

Deputy Minister of the Department of Intergovernmental Affairs

Message from the Minister

I am pleased to provide this report on the Department of Intergovernmental Affairs' achievements for the fiscal year 2004-2005.

The highlight of this year's intergovernmental calendar was undoubtedly the successful conclusion of the Campaign for Fairness, with the signing on February 14, 2005, of the Canada-Nova Scotia Arrangement on Offshore Revenues. This arrangement recognizes Nova Scotia's right to be the principal beneficiary of the development of our offshore petroleum resources. The Federal payment of $830 million was applied directly to the Province's debt, which will result in savings of about $50 million annually in debt servicing costs that can be applied to other public services, such as health care, education and economic development.

The issue of health care funding remained the top priority for Nova Scotia and for the other Provinces and Territories. It was the top issue discussed by Premiers at the meeting of the Council of the Federation in Niagara-on-the-Lake, Ontario, July 28-30, 2004, which resulted in the Premiers' Action Plan for Better Health Care. This plan called for various initiatives, including a national drug plan and better health care for Aboriginal peoples, and requested the Federal government to raise its cash contribution to 25 per cent of total health care spending by Provinces and Territories to enable Provinces and Territories to improve the health care system.

The specific needs of Equalization-receiving Provinces were recognized in a call for immediate restoration of Equalization funding to its 2000-01 level. Premiers also pursued an aggressive work plan including elements of importance to Nova Scotia such as working together for enhanced Federal health care funding, a strengthened Equalization program, internal trade and national cooperation on emergency preparedness. This plan was further refined during another meeting of the Council of the Federation at Toronto Airport on September 1-2.

The solidarity amongst Provinces and Territories generated by the new Council of the Federation bore fruit in the three First Ministers' Meetings held in Ottawa during September and October of 2004. The first meeting, which included the National Aboriginal Leadership, resulted in improved Federal funding for Aboriginal health care. The second, on September 13-16, resulted in a Federal investment of $41 billion for health care over the following 10 years, and an action plan that includes the development of national strategies for pharmaceuticals and the reduction of waiting times. The total benefit to Nova Scotia from this meeting is likely to be $1.241 billion. Finally, on October 26, 2004, intense negotiations led to a Federal announcement of a new minimum funding floor of $10 billion for Equalization in 2004-05, moving to $10.9 billion in 2005-06, with a growth rate of 3.5% annually thereafter until 2009-10. While the fixed growth rate represents a restoration of the ceiling on Equalization, and is therefore a matter of concern, the arrangement brought an additional $150 million in Equalization funding to Nova Scotia in 2004-2005.

On June 21-22, 2004, it was my pleasure to host my Atlantic colleagues when the Council of Atlantic Premiers met in Wolfville, Nova Scotia. This meeting resulted in a common Atlantic Canadian position which we took to the subsequent Council of the Federation meeting, and agreement on the need for a renewed cooperative approach with the Federal government in the area of economic development. This approach should include skills development, innovation, infrastructure, tax competitiveness, energy, and immigration. We hope to discuss this new strategy with the Prime Minister as soon as possible. We also had the opportunity to meet with the Atlantic

Farmers' Council and endorsed their efforts to secure a sustainable future for agriculture in Atlantic Canada. As a start, we directed Ministers of Agriculture to undertake a consumer survey with a view to providing greater access to institutional and other markets for Atlantic food products.

Atlantic Premiers led a successful mission to Toronto on November 16-17, 2004, to raise awareness among the Ontario business community of the advantages of investment in Atlantic Canada.

December 2004 was a significant month for Nova Scotia's relations with the United States of America. On December 1, I welcomed President George W. Bush, who visited Halifax to thank Nova Scotians for the assistance we provided to travelers following the terrorist attack of September 11, 2001, on the United States. Two weeks later, on December 17, we were happy to learn that Halifax International Airport had secured a United States Customs and Immigration pre-clearance facility. Expected to open in fall 2006, this facility will make air travel to US points far more convenient for Nova Scotian and other travelers, since all formalities will have been processed before they board the plane. The preclearance facility was the result of a long campaign by the Airport Authority and the Department of Transportation and Public Works, which Intergovernmental Affairs assisted by facilitating connections with the governments and legislators of the United States and Maine.

As ever, the Protocol Office, which became part of Intergovernmental Affairs in 2002, played an important role in managing the logistics for all official visits of diplomats and dignitaries. Apart from the President's visit, the past year saw the farewell visit of US Ambassador Paul Celluci, a good friend of Nova Scotia since his days as Governor of Massachusetts. I got to know him through the conference of New England Governors and Eastern Canadian Premiers, which we co-chaired in Halifax in 2000. It also saw the first visit of H. E. Daniel Jouanneau, the new French Ambassador, who made Nova Scotia his first destination after his appointment to Ottawa, because of the warm memories he had of Halifax when he was here in 1995 for the G-7 Summit.

The development and maintenance of relationships, personal and institutional, regionally, nationally and internationally is one of the key roles of Intergovernmental Affairs, and 2004-2005 was a successful year.

Introduction

This report sets out the achievements and progress made by Intergovernmental Affairs in fulfilling its goals and realizing its projected outcomes for the fiscal period April 1, 2004, to March 31, 2005. It is intended to inform both government and the public not only of our accomplishments but also of those areas where further work may be required to achieve a successful outcome.

As noted in the Minister's Message, the highlight of the year was the successful conclusion of the negotiations with the Federal government to ensure that Nova Scotia became the principal beneficiary of the Canada-Nova Scotia Offshore Petroleum Resources Accord of 1986. While the Minister of Energy led the final negotiating team, this was a file with which Intergovernmental Affairs had been closely involved since 1997, illustrating the importance of perseverance in relations between governments.

Another major announcement with which we were pleased to be associated was the development of *Nova Scotia's Immigration Strategy*, released by the Premier on January 26, 2005. A Deputy Ministers' Steering Committee, with membership from the Office of Economic Development, Department of Education, Department of Tourism, Culture and Heritage, and chaired by Intergovernmental Affairs, led the strategy development process. Intergovernmental Affairs devoted policy and technical staff to the writing and coordination of both the *Immigration Strategy* and *A Framework for Immigration*, a discussion paper which formed the basis of Province-wide consultations held in the fall of 2004. Resources were also provided for policy, communications and logistical coordination around the consultations. In anticipation of the implementation of the strategy, Intergovernmental Affairs played a key role in the establishment of and transition into the new Office of Immigration, which consolidated provincial immigration programs and activities in one dedicated agency.

With respect to regional cooperation, Atlantic Premiers met at the K. C. Irving Environmental Centre, Acadia University, in Wolfville on June 21-22, 2004, and agreed to work on a new strategic partnership with the federal government on regional economic development. Intergovernmental Affairs and Economic Development officials were directed to develop a regional action plan that would focus on areas where collaborative efforts would be beneficial to the regional economy. The Wolfville meeting also directed Intergovernmental Affairs officials from the four Provinces to coordinate and manage the Atlantic Premiers' outreach mission to Toronto, November 16-17, 2004. The mission targeted opinion-makers and the business community with the aim of raising awareness of innovation and economic successes in Atlantic Canada.

For these meetings, for the Council of the Federation and First Ministers' Meetings mentioned in the Minister's Message, and for bilateral meetings with key Federal Ministers, Intergovernmental Affairs provided briefings and strategic advice to the Premier.

Within the Nova Scotia Government, Intergovernmental Affairs concentrated on bringing a more focused and coordinated approach to our relations with the federal government through more regular engagement of Cabinet and the Deputy Ministers' Committee in prioritization and strategy development. The newly created interdepartmental senior officials' committee on intergovernmental relations also provides a forum for the exchange of information, perspectives and proposals, with the objective of a more corporate approach in our relations with Ottawa. The range and depth of expertise among staff enabled Intergovernmental Affairs to provide assistance to, and work more efffectively with, departments and agencies engaged in federal-provincial and other

intergovernmental relations, ranging from Aboriginal Affairs through Finance and Health to Transportation and Public Works.

Similarly, in the spring of 2004, Intergovernmental Affairs began the process of consulting with departments regarding departments' international activities, leading up to a policy workshop in December 2004 where officials discussed future opportunities and challenges and ways departments could work together more effectively. Since then, collaborative work has been undertaken on the recommendations from departments.

Intergovernmental Affairs was also successful in realizing its objectives through a wide variety of operational activities. These activities ranged from interjurisdictional liaison, information gathering, and negotiation, to strategic assessments of new Federal policy initiatives. Intergovernmental Affairs is working with other departments and agencies to ensure that our approach to other governments within Canada and abroad is increasingly better focused and effective.

The office of the Provincial Trade Representative, included in Intergovernmental Affairs, ensured that the Minister responsible for Trade was briefed on trade policy for meetings with his counterparts. The Trade Representative is leading the Council of the Federation's initiative on regulatory harmonization at the officials' level and continued to work closely with the Maritime Lumber Bureau to ensure that Nova Scotia's concerns with respect to the softwood lumber dispute are known to all parties in the dispute, north and south of the border. The office is also engaged in the resolution of domestic trade and mobility irritants in a range of areas.

The Protocol Office, which became part of Intergovernmental Affairs in 2002, plays an important role in setting the scene for Nova Scotia's intergovernmental and international strategy. The Office manages the logistics for all official visits of diplomats and dignitaries, and promotes Nova Scotian businesses, artisans and culture through government-sponsored events, including dinners, conferences, award ceremonies and the government's gift bank. The Office administers the Order of Nova Scotia Program and the Premier's Congratulatory Certificate Program.

The Protocol Office also plays significant advisory and administrative roles within Nova Scotia. It provides protocol advice and assistance to the Lieutenant Governor, the Premier, members of the Executive Council, the Speaker and the public.

In order to facilitate a comparison of what we expected and what was achieved, our business plan goals for the 2004-2005 fiscal year are identified. Achievements by the Department of Intergovernmental Affairs during the period are directly tied to the priority action items identified in the business plan as necessary to realize these goals. Notwithstanding the inclusion of the Department's stated objectives for this period, it is recommended that this report be read in conjunction wi 1 our 2004-2005 Business Plan.

Progress and Accomplishments

2004-2005 Core Business Areas

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government, to ensure a corporate approach to other governments and to ensure that the results of negotiations with the government of Canada and other governments address Nova Scotia's needs and priorities.
2. Build on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens.
3. Enhance Nova Scotia's image and diplomatic, cultural, and economic ties abroad with direct responsibilities for managing Protocol and trade policy within and outside Canada.
4. Increase awareness and understanding, both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues.

Progress in carrying out the priority action items under each of the five goals set out in our 2004-05 Business Plan is as follows:

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government, to ensure a corporate approach to other governments and to ensure that the results of negotiations with the government of Canada and other governments address Nova Scotia's needs and priorities.

Negotiations with the Federal Government on the offshore crown share

The Campaign for Fairness concluded successfully with the signing on February 14, 2005, of the Canada-Nova Scotia Arrangement on Offshore Revenues, in the presence of the Prime Minister and Premier Hamm. This arrangement guarantees Nova Scotia a minimum of $830 million over the next eight years, and recognizes Nova Scotia's right to be the principal beneficiary of the development of our offshore petroleum resources. The Federal payment of $830 million was applied directly to paying down the Province's debt, which will save about $50 million annually in debt servicing costs, which can applied to other public services, such as health care, education and economic development. Intergovernmental Affairs, associated with the file since 1997, continued to provide support to the Minister of Energy who, with the support of an interdepartmental team, conducted the final negotiations.

Facilitation of the development of a Provincial immigration strategy

Intergovernmental Affairs facilitated the development of Nova Scotia's Immigration Strategy, released by the Premier on January 26, 2005. A Deputy Ministers' Steering Committee, with membership from the Office of Economic Development, Department of Education, Department of Tourism, Culture and Heritage, and chaired by Intergovernmental Affairs, led the strategy development process. Intergovernmental Affairs devoted policy and technical staff to the writing and coordination of both the Immigration Strategy and A Framework for Immigration, a discussion paper which formed the basis of province-wide

consultations held in the Fall of 2004. Resources were also provided for policy, communications and logistical coordination around the consultations. In anticipation of the implementation of the strategy, Intergovernmental Affairs played a key role in the establishment of and transition into the new Office of Immigration, which consolidated provincial immigration programs and activities in one dedicated agency.

Coordination of the implementation of the Council of the Federation (CoF) workplan

Intergovernmental Affairs, through the Provincial Trade Representative, participated fully in the Council of the Federation initiative to improve domestic trade flows, and worked closely with other departments and agencies, such as the Emergency Measures Organization, responsible for other aspects of the CoF workplan.

Negotiation of Offshore Accord occupational and health and safety

Intergovernmental Affairs continued to work with the Department of Environment and Labour and with the Department of Energy to advance tripartite negotiations with Canada and Newfoundland and Labrador to ensure effective governance and accountability in the occupational health and safety regime for the Offshore Petroleum Accord area.

Infrastructure

Close cooperation with Transportation and Public Works (TPW) ensured that Intergovernmental Affairs advanced Nova Scotia's interests with respect to Federal infrastructure programs, including the Canada Strategic Infrastructure Fund and the Strategic Highway Infrastructure program. Given the pressing need for improvements to Nova Scotia's highway system, Intergovernmental Affairs also worked with TPW to advance the Province's priority of a sustained and dedicated federal highway funding program.

Urban Agenda

Intergovernmental Affairs collaborated closely with Service Nova Scotia and Municipal Relations, Infrastructure Canada, and the Atlantic Canada Opportunities Agency (ACOA) in negotiations on the New Deal for Cities and Communities. The New Deal includes an agreement to transfer $145.2 million from Federal gasoline tax revenues to Nova Scotia municipalities over the next five years. These funds will go toward investment in municipal green infrastructure/transit infrastructure, which is core to long term sustainable development in Nova Scotia.

Sable Island

As coordinator for issues respecting Sable Island, Intergovernmental Affairs advocated with federal agencies for preservation of this unique part of Nova Scotia and addressed potential

federal withdrawal of human presence from the island. Through collaboration with provincial and federal departments and non-government stakeholders, Intergovernmental Affairs facilitated options for ensuring a human presence and accommodating diverse interests including monitoring of weather, climate change and the environment, conduct of scientific research, conservation of natural and cultural heritage, natural resources, enabling of options for emergency refuge and facilitation of communications in the offshore. This culminated in a January Federal-Provincial announcement reinstating direct operation of the Sable Island station by Environment Canada and confirming Provincial inclusion in long term planning for Sable Island.

Multiculturalism

Intergovernmental Affairs assisted the Department of Tourism, Culture and Heritage in the development of a strategic plan to promote multiculturalism in Nova Scotia. This work continues in 2005-2006 and is at a stage where it will soon be tested through public consultation.

Department of National Defence (DND)

Intergovernmental Affairs recognizes the economic and strategic importance of the Department of National Defence in Nova Scotia and consequently a need for a more coordinated approach to developing its relationship with them and with DND. To develop a base of internal expertise and mechanism to coordinate the Provinces approach to the military, the province formed a Military Forum composed of department representatives who have vested interests in the military in Nova Scotia. The Forum met formally once in 2004-2005 but its members were active in sharing intelligence throughout the year.

2. Build on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens.

Regional Development

With the Office of Economic Development, Intergovernmental Affairs lead the province's participation with the other Atlantic provinces in the development of a strategic partnership with the federal government on regional economic development. Officials were directed by Premiers to develop a regional action plan that would encompass the economic development strategy and point to additional areas where collaborative efforts would be beneficial to the regional economy. During 2004-2005, steady progress in setting out common goals, principles, themes and an ongoing process for determining Atlantic multilateral and bilateral development priorities has been achieved.

CAP Communications Work Group

Following direction from Atlantic Premiers at their meeting in Wolfville, Nova Scotia, June 2004, Intergovernmental Affairs coordinated and managed all aspects of the premier's participation in the outreach mission by Atlantic premiers to Toronto, November 16-17, 2004. The premiers conducted a two-day collaborative program with the aim of strengthening relationships and raising awareness of the innovation and economic successes building in Atlantic Canada. The key message delivered by Premiers was that Atlantic Canada is a great place to live and do business. The program included an Atlantic Canada Premiers Reception, several editorial board appointments with national newspapers and a luncheon at The Economic Club of Toronto which attracted over 500 guests.

Canada-U.S. Relations

Given the strategic importance of solid relations with the United States to the economy and citizens of Nova Scotia, Intergovernmental Affairs was at the forefront in managing the province's relations with the U.S. Nova Scotia's interests were promoted through continued engagement with the New England States, the federal government and other regional organizations. In particular, the subjects of transportation, trade, environment and energy were top of mind.

On the advocacy side, Intergovernmental Affairs continued to engage the local U.S. Consul General and the U.S. Embassy in Ottawa in furthering Nova Scotia issues. In particular, Intergovernmental Affairs played an instrumental role in the visit of U.S. President George W. Bush and the farewell visit of outgoing U.S. Ambassador to Canada A. Paul Cellucci.

On the policy side, Intergovernmental Affairs continued to work with the Department of Transportation and Public Works and the Halifax International Airport Authority (HIAA) in moving forward the Airport's quest for U.S. Customs and preclearance services. In December 2004, it was announced by both federal governments that HIAA was granted preclearance. On softwood lumber, Intergovernmental Affairs continued to deal with the U.S. Department of Commerce on aspects of verification and Atlantic interests. Moreover, Intergovernmental Affairs participated in the Canadian Embassy's Annual Provincial-Territorial Consultations in Washington, D.C. on key Canada-U.S. policy priorities and the ever changing U.S. political landscape.

Enhanced Representation Initiative (ERI)

Intergovernmental Affairs maintained a watching brief on the implementation of the federal government's Enhanced Representation Initiative (ERI) and the establishment of a new public advocacy and legislative secretariat at the Canadian Embassy in Washington, D.C. The Secretariat, which began operation September 2004, worked with provinces and territories to plan and support new outreach activities directed at members of the U.S.

Congress. The ERI has expanded the federal government's presence in the United States with upgrades to existing consulates and the establishment of new ones. Intergovernmental Affairs participated in Provincial-Territorial Consultations at the Canadian Embassy in Washington, June 2004 and was briefed on a range of Canada-U.S. issues, which included the ERI.

3. Enhance Nova Scotia's image and diplomatic, cultural, and economic ties abroad with direct responsibilities for managing Protocol and trade policy within and outside Canada.

Development of an International Strategy

In the spring of 2004, Intergovernmental Affairs began the process of consulting with departments toward the development of an international framework in an effort to advance the Province's interests and bolster our ability to be a responsible and contributing member of the global community.

IGA convened an international policy workshop in December 2004 where officials from across government met to consider Nova Scotia's international activities in the context of future opportunities and challenges and ways departments can work together more effectively.

In the winter of 2005, IGA categorized the opportunities and challenges identified at the workshop and began developing proposals for moving ahead on recommendations.

Softwood Lumber

Negotiations and litigation on the softwood lumber dispute continued through 2004-2005 with the Trade Representative again working with industry and other Atlantic Provinces in presenting the unique circumstances and perspective of this region. The Trade Minister was briefed and accompanied to a FPT ministers' meeting on softwood and supported during various FPT conference calls. IGA participated in NB/NS briefing sessions for US verification authorities in respect of the two provinces being used as Canadian benchmarks for well functioning log markets.

Canada - U.S. Relations, including security and strengthening relations with Canadian diplomatic posts in the U.S.

In support of new federal initiatives to increase Canada's image, profile, and presence in the U.S., IGA staff met with senior officials responsible for the Enhanced Representation Initiative (ERI) and new Advocacy office at the Embassy.

Leading the Province's participation in the Council of the Federation (CoF) workplan in the areas of internal trade

The Internal Trade Representative supported the minister at two Federal-Provincial-Territorial (FPT) meetings of the Committee on Internal Trade as it pursued the CoF approved workplan. Nova Scotia led on the regulatory cooperation action item, working with the Standards Council of Canada, Privy Council Office, the Smart Regulation network and NS departments and agencies. The Trade Representative participated on a panel at a National Standards System conference and presented a paper to a FPT regulatory cooperation working group that subsequently went to ministers.

Under the CoF workplan, there was also intensive activity on procurement negotiations, improving dispute settlement and decision-making, identifying and prioritizing gaps in the Agreement on Internal Trade as well as problematic subsidy practices, and overcoming obstacles to finalizing an energy chapter.

NS assumed the vice-chairmanship of the Internal Trade process in December 2004 with the federal government agreeing to terminate its permanent co-chair role as well as to directly participate in the CoF workplan.

Legal counsel also worked with a small group of Federal-Provincial solicitors on the legal process for incorporating the Internal Trade Secretariat.

Domestic trade/mobility irritants were handled by trade staff and included diverse topics such as crab, cosmotology, fluid milk, government procurement, boat building subsidies, and beer.

Aspects of alcoholic beverage trade were discussed with industry and other governments as these pertained to the Maritime beer accord, finalization of a new agreement with the EU on wine trade, new Canadian wine standards, and changes to Farm Winery policies based on interdepartmental consultations with industry.

Provincial participation in international agreements

Provinces collectively pursued their goal of greater and more finalized participation in trade negotiations and dispute processes, especially as these touch on provincial jurisdiction. Unfortunately, letters and contact by lead provinces met with a lack of engagement by the federal government and the likelihood of further lobbying by the Council.

4. ***Increase awareness and understanding, both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues.***

Intergovernmental Policy Coordination

Within the Nova Scotia Government, Intergovernmental Affairs concentrated on bringing a more focused and coordinated approach to our relations with the federal government through more regular engagement of Cabinet and the Deputy Ministers' Committee in prioritization and strategy development. The newly created interdepartmental senior officials' committee on intergovernmental relations also provides a forum for the exchange of information, perspectives and proposals, with the objective of a more corporate approach in our relations with Ottawa. The range and depth of expertise among staff enabled Intergovernmental Affairs to provide assistance to, and work more efffectively with, departments and agencies engaged in federal-provincial and other intergovernmental relations, ranging from Aboriginal Affairs through Finance and Health to Transportation and Public Works.

Official languages

Intergovernmental Affairs worked closely with the Office of Acadian Affairs throughout the year to ensure that the Province was fully prepared to negotiate its funding agreement with Canadian Heritage. This work entailed making a strong commitment to helping 14 departments plan for the delivery of French-language services to the public. It also required assisting Acadian Affairs in developing its strategic plan and its ongoing funding negotiations with Canadian Heritage.

Climate change

In continuing to assist the Department of Energy with federal/provincial negotiations and interdepartmental collaboration on climate change, Intergovernmental Affairs helped draft and coordinate interdepartmental input into a proposed memorandum of understanding on federal/provincial cooperation with respect to climate change. Intergovernmental Affairs was instrumental in achieving provincial departmental agreement on the initial priority areas identified within this MOU, for federal/provincial cost sharing arrangements. Intergovernmental Affairs also acted to coordinate the provincial response to a report on action carried out to meet the NEG/ECP Action Plan on Climate Change and actively assisted the Department of Energy in defining provincial priorities and project proposals for consideration by the federal government under the Climate Change Opportunities Envelope funding program.

Fiscal arrangements

Intergovernmental Affairs worked closely with Finance, and other relevant departments, particularly Health, to brief and advise the Premier on strategy for the key meetings of Premiers and First Ministers which related to fiscal arrangements. These included the Council of the Federation meeting in Niagara-on-the-Lake, Ontario, July 28-30, 2004, which generated the Provincial/Territorial proposal on a national pharmacare program, and the subsequent First Ministers' Meetings on Health (Ottawa, September 13-16, 2004) and on Finance (Ottawa, October 26, 2004).

Other meetings that prepared for, or followed up, these key gatherings of First Ministers, and in which Intergovernmental Affairs briefed the Ministers and Premiers involved were: Meeting of Health and Finance Ministers, Toronto, May 29-30, 2004; Council of the Federation Meeting at Toronto Airport, September 1-2, 2004; and two Council of the Federation meetings immediately preceding the First Ministers' Meetings on Health and Finance noted above.

Federal transition

Intergovernmental Affairs monitored developments in Ottawa as Prime Minister Martin continued to chart the policy directions of his government in the months after taking office in the fall of 2003, and after the Federal election of June 28, 2004.

Financial Results

There were no significant variances between the budgeted net expenditures reported in the business plan and actual results.

	Estimate	Actual
($ thousands)	**2004-2005**	**2004-2005**
Salaries	**1,173.6**	**1,183.7**
Travel	96.5	122.0
Professional/Special Services	223.0	149.3
Supplies & Service	104.4	75.2
Other	200.5	230.2
Operating Expenses	**624.4**	**576.7**
Grants	**100.0**	**110.6**
Gross Expenses	**1,898.0**	**1,871.0**
Less Chargeable to other Departments	(92.0)	(193.3)
Less Recoveries	---	(13.0)
NET EXPENSES	**1,806.0**	**1,664.7**
FTE's	**16.6**	**17.0**

Measuring Our Performance

Five specific measures have been developed to assess Intergovernmental Affairs' progress in fulfilling its core business functions. While these measures relate specifically to the four core business areas of Intergovernmental Affairs, collectively they serve as qualitative measures of performance within three broad outcome areas:

- The development of an enhanced understanding and acceptance, in this government and among other governments, of Nova Scotia's priority interests and positions on intergovernmental matters;
- Interdepartmental coordination to ensure a corporate priority-based approach to Federal-Provincial/Territorial issues, especially where they cut across several departments responsibilities;
- Ensuring that intergovernmental negotiations are conducted according to the Province's corporate priorities of the Government of Nova Scotia and on the basis of a thorough knowledge of the issues involved, and the interests and positions of other provinces.

It should be noted that it is not always possible to control the outcomes of activities which involve either negotiation or delivery by the line departments of government. Consequently, many of Intergovernmental Affairs activities are thus not quantifiable and speak more to capacity building within the Provincial government than specific outcomes of intergovernmental relations.

In order to assess the extent to which this capacity within government has been improved Intergovernmental Affairs has based each of its outcome measures on a survey of its primary client group. This survey of 24 Nova Scotia departments and agencies was designed to provide:

- An examination of the role and function of the Department within the Nova Scotia government;
- An evaluation of the quality of the products and services offered by Intergovernmental Affairs to other departments/agencies;
- An assessment of Intergovernmental Affairs's current business direction;
- A determination of the extent to which Intergovernmental Affairs's organization and business direction are meeting the needs of its clients; and,
- A better understanding of how Intergovernmental Affairs's services generate value for its clients and where service improvements can be made. This was measured in terms of level of priority and satisfaction of individual departments/agencies.

Key Performance Measures

Degree of improvement in the level of awareness of Nova Scotia intergovernmental priorities across the provincial government.

One of Intergovernmental Affairs' four core business areas is to *coordinate the overall intergovernmental strategy of the Nova Scotia government to ensure a corporate approach to other governments.* The specific outcome being sought by Intergovernmental Affairs in this core area is a "Greater understanding of corporate positions and priorities relative to intergovernmental issues and negotiations."

What does the measure tell us?

This measure, based on a survey of client departments and agencies, indicates the percentage of clients whose understanding and awareness of key Provincial intergovernmental priorities and positions had been enhanced by Intergovernmental Affairs's efforts. Measured over successive years it will serve as a means to assess the degree of improvement in the level of awareness of intergovernmental priorities achieved by the Department.

Where are we now?

The fourth year of survey results indicate that 97% of Intergovernmental Affairs's clients believed that the Department had been successful in communicating Nova Scotia's key positions relative to intergovernmental issues. This represents a marked and steady improvement from 66% recorded in 2001-2002, 89% in 2002-2003, 92% in 2003-2004, and surpasses the target of 75% set for 2004-2005.

Where do we want to go/be in the future?

Intergovernmental Affairs is seeking to maintain its existing score (97%), and has increased its target to 90% for 2005-2006 which is substantially higher than the target set for 2004-2005, to ensure that this high level of satisfaction is sustainable. Strategies to maintain this improvement include continuously improving the monitoring of Federal and other Provincial developments to identify potential support for or conflict with, NS priorities; active participation in interdepartmental and intergovernmental committees to ensure NS interests and concerns are understood and acknowledged; and the provision of strategic policy advice to the Premier as he advances Nova Scotia's priority agenda at First Ministers Meetings and other key intergovernmental meetings.

Regional alliances and initiatives assisted by Intergovernmental Affairs.

Another of Intergovernmental Affairs' core business areas is *building on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote programs and services which benefit citizens.* The desired outcome that falls within this core business area is "stronger regional cooperation."

What does the measure tell us?

The level of assistance provided by Intergovernmental Affairs is expressed as the percentage of government departments and agencies indicating that Intergovernmental Affairs had been instrumental in the development or strengthening of regional alliances and programs.

Regional cooperation can not only lead to economies of scale and the more efficient delivery of services to Nova Scotians but also through the advancement of united Atlantic positions towards Ottawa can yield policy and material benefits for this province.

Where are we now?

In 2001-2002, 66% of Intergovernmental Affairs's clients indicated that the Department had been instrumental in building regional alliances. In 2004-2005, this view had increased to 94%, unchanged from 2003-2004, but well above the target set at 80%.

Where do we want to go/be in the future?

For the fiscal year 2005-2006, Intergovernmental Affairs wishes to maintain this percentage to above the target set at 90%, and ensure that this high level of satisfaction is sustainable. Strategies and activities to meet this target include: Continuing to identify new areas for consideration by Premiers; identifying areas where a united Atlantic position towards Ottawa would be beneficial; providing strategic advice and support to the Premier for and during meetings of the Council of Atlantic Premiers and of the New England Governors and Eastern Canadian Premiers.

The percentage of departments actively assisted by Intergovernmental Affairs in the development of international business and government contacts

Expanding Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad is the third core business area for the Department of Intergovernmental Affairs. The desired outcome for this core area is "Improved international linkages and international business and government contacts."

What does this measure tell us?

This measure respecting the percentage of departments aided by Intergovernmental Affairs in establishing new contacts provides an indication of both the level of effort by Intergovernmental Affairs and of Intergovernmental Affairs's success in facilitating new international government and business contacts.

Where are we now?

In the 2004-2005 fiscal year Intergovernmental Affairs's survey revealed that the Department had successfully assisted 82% of its client agency and departments in expanding their international linkages. This percentage represents a sharp improvement in the results achieved as compared to the first year of the survey, where 37% of clients indicated IGA played a role in expanding Nova Scotia's international linkages.

Where do we want to go/be in the future?

Intergovernmental Affairs far surpassed the 2004-2005 target of 55% for assisting departments with expanding their international linkages. In 2005-2006 the Department will work to maintain the high level of satisfaction it achieved in the previous year and ensure that it is sustainable. The target for 2005-2006 is set at 90%.

Strategies and action to achieve this improvement include: ensuing that Nova Scotia's interests are fairly considered in the development of solutions to transborder irritants, security and other issues; supporting trade and investment strategies, and keeping departments and agencies abreast of international ideas, trends and multilateral obligations, and of information gathered from international organizations; co-arranging/managing high level diplomatic and trade/investment promotion visits and missions, and ensuring the Premier is fully briefed to participate in them; representing Nova Scotia's interests and positions, ensuring that these are known by various governments including foreign representatives accredited to Canada.

Level at which line agency information requirements are being met by Intergovernmental Affairs respecting key intergovernmental contacts and positions of other jurisdictions, and the level of acknowledgment within the Nova Scotia government of efforts to ensure fairness in negotiations.

Intergovernmental Affairs' fourth core business area is *increasing awareness and understanding both within the Nova Scotia government and in other governments, of the Province's position relative to key intergovernmental issues, and to promote fairness to Nova Scotia in negotiations with*

the government of Canada and other governments. The outcomes defined for this goal are "Greater awareness and understanding of Nova Scotian intergovernmental procedures, policies, practices and positions", and to have Nova Scotia positions "reflected in bilateral and multilateral negotiations and agreements reached with the federal and other governments".

What does this two-part measure tell us?

This measure serves to indicate two important aspects of Intergovernmental Affairs's performance: The level at which information requirements are being met is presented as the percentage of line agencies and departments indicating that the information supplied by Intergovernmental Affairs on positions adopted by sister agencies and other governments was sufficient for them to effectively represent Nova Scotia's interests in their intergovernmental activities; and, the level of success achieved by Intergovernmental Affairs in ensuring that the principle of fairness was an important consideration for line agencies and departments in negotiating agreements and arrangements with other jurisdictions. Achievement is expressed as the percentage of clients acknowledging Intergovernmental Affairs's role in promoting this principle in their intergovernmental negotiations.

Where are we now?

Based on the 2004-2005 survey, 86% of Intergovernmental Affairs's clients indicated that their information requirements were being met. This score increased from 74% in the previous year and is above the target set at 80%. From the point of view of promoting fairness in negotiations, 93% of agencies and departments indicated that the principle played an important role in intergovernmental negotiations, up form 92% in the previous year.

Where do we want to go/be?

In regard to meeting client information requirements and promoting the principle of fairness in negotiations, Intergovernmental Affairs will work to build a higher and sustained level of satisfaction in 2004-2005. Strategies and activities to effect this improvement include ensuring that the Nova Scotia perspective is considered in external forums like the Council of the Federation, and in the development of Federal policy by working with the Intergovernmental Affairs section of the Privy Council Office, and with other Federal agencies and departments in Ottawa and in the Atlantic regions; maintaining and expanding the network of Federal, Provincial and Territorial contacts in Intergovernmental Affairs and other departments so as to exchange information and policy positions; maintaining regular contact with line departments and agencies respecting their intergovernmental activity, and keeping them abreast of issues involving other governments and Intergovernmental Affairs activities; and providing ministers and agencies with advice and support regarding trade agreements, negotiations and disputes.